World Trade Situation and Policy Updates

ITC VOTES THAT CANADA'S GREENHOUSE TOMATOES DO NOT INJURE U.S. INDUSTRY

On April 2, 2002, the International Trade Commission (ITC) voted 4-1 that greenhouse tomato imports from Canada do not injure the U.S. industry. This final injury determination effectively terminates the U.S. dumping case against Canadian product, which was originally filed in March 2001. The ITC has scheduled for April 26 the release of its report containing the views of the Commission and information developed during the investigation.

U.S. LETTUCE PRICES TRENDING DOWN

A cold weather snap in Central California and Arizona in late January 2002, reduced the harvest area for winter–season salad vegetables, which included broccoli, cauliflower, carrots and lettuce. Head lettuce supplies were hardest hit by the cold snap, where temperatures dropped below the freezing mark. The resulting losses caused farm prices of iceberg lettuce to soar in mid-March on occasions to over $60.00 per 50-pound carton (24 heads per box), nearly 4 times the normal for the month, according to AMS's Market News Service. In early February, iceberg lettuce prices on average were approximately $9.00 per carton. As of April 2, prices of head lettuce had started to trend down to about $15.00-20.00 per carton, still slightly above normal for the month. As supplies recover, retail prices of iceberg lettuce, which nearly doubled since January, are expected to return to more normal levels. This development is not expected to have significantly impacted U.S. lettuce sales abroad. U.S. exports of lettuce in CY 2001 were valued at $195 million, up 2 percent from the previous year.

FLORIDA COURT ORDERS REMEDY TO CITRUS EQUALIZATION TAX

On April 4, 2002, the 10th Judicial Circuit Court in Florida ordered the Florida Citrus Commission to propose a remedy in the Equalization Tax case. The court had ruled on March 15 that the equalization tax was unconstitutional because it illegally discriminated against foreign citrus products imported into Florida while it exempted imported juice products from other states, mostly California. Based on the ruling, the court was asked to order the Florida Department of Citrus (FDOC) to refund nearly $10 million in equalization taxes to its clients, the amount that the plaintiffs in the case have paid since filing the lawsuits in late 2000 and early 2001, plus 3 years in back taxes (the period of time limited by Florida tax laws.) Under a 1990 Supreme Court decision, the 10th District Court must give the Florida Citrus Commission the first opportunity to propose a remedy. The court gave the Citrus Commission until July to come up with a remedy. The remedy could include a complete refund to companies that paid the tax, back taxes against the companies' competitors who benefited from the tax exemption, or a remedy involving a combination of a tax refund and back taxes. In the wake of the court's March 15 ruling, the Florida legislature removed the tax exemption for domestic juice, with the new law scheduled to go into effect July 1, 2002.

In a related development, formal bilateral WTO consultations with Brazil regarding the Florida equalization were scheduled to take place in Geneva, Switzerland on May 20.

U.S. CANNED FRUIT INDUSTRY CONTINUES TO CONTRACT

Signature Fruit, the reorganized Tri-Valley Growers Cooperative, announced closure of its Gridley peach canning facility "in order for the company to operate more efficiently." This summer, Signature will operated only two canneries, employ about 4,000 people, and process about 200,000 tons of fruit compared to 1990 when the company operated 10 separate plants, employed 11,000 people, and processed over 1.3 million tons of fruit. The Gridley plant employed about 1,000 workers but only operated for about two weeks and accounted for a small percentage of Signature's total peach output. Signature will remain the largest of the United States' 4 fruit canners. The other canners, in order of size, are: Del Monte, Pacific Coast Canners, and California Fruit Packing Company. Reasons for the decline of the canning fruit industry are a trend toward off-season consumption of fresh produce, rising costs, and loss of the institutional market to increasing imports from the EU. In MY 1990, U.S. imports from the EU totaled $4.2 million; by MY 2000, imports totaled $19.6 million.